Statnett

Transition plan
2026

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A sustainable transmission grid for a new era

Statnett's strategy is designed to enable electrification for a new era. The climate and nature crises, with rising temperatures, extreme weather and loss of nature, threaten both the economy and society. At the same time, we are seeing increased geopolitical uncertainty. This has accelerated Europe's transition to emission-free energy solutions to secure energy self-sufficiency and strengthen competitiveness.

Statnett plays a central role in this transition. We enable electrification and sustainable development in Norway. At the same time, our infrastructure has impacts on climate, nature and people. Sustainability lies at the core of Statnett's societal mission, and it is a key motivation for many of us working at Statnett.

This is why we have developed a holistic transition plan. In line with the State's expectations, we will reduce our own emissions in accordance with the Paris Agreement and reduce impacts on nature by adhering to the mitigation hierarchy. We will also safeguard people in our own organisation, promote decent working conditions in the value chain and consider the interests of affected communities. The transition plan contains concrete targets and actions for how we will achieve this.

Through a prioritisation of the most effective sustainability actions, we will keep the lights on – with even lower impact on the climate, nature and people.

Chief Executive Officer,

Elisabeth Vike Vardheim

Executive Vice President People and Sustainability,

Anne Wilhelmine Flagstad

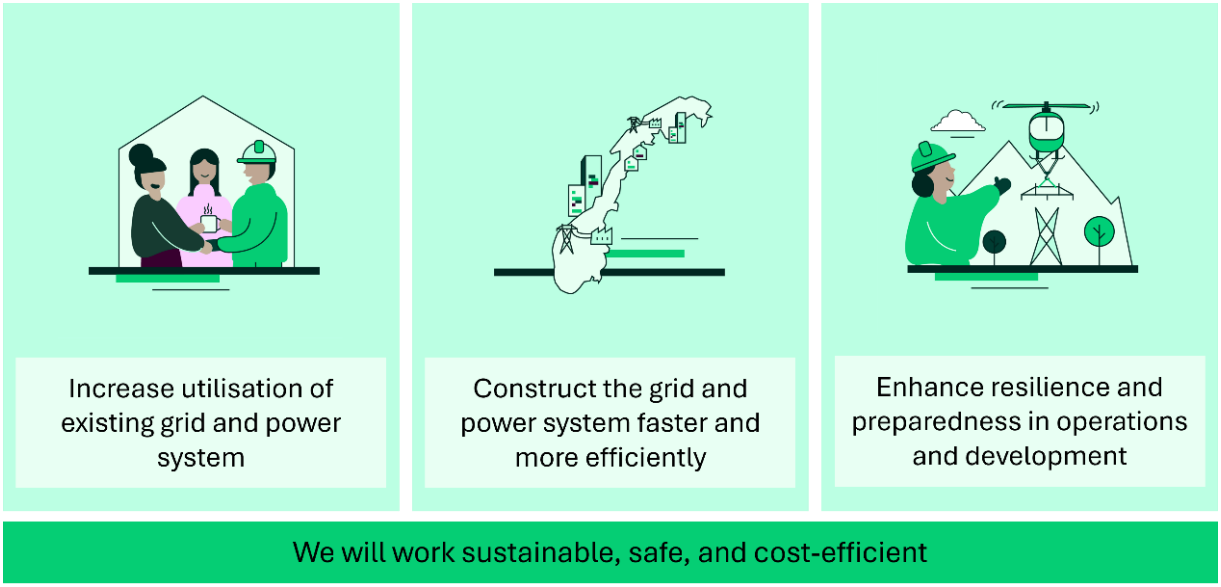
1. Statnett's role in the transition to a low-emission society

Statnett is a state enterprise owned by the Norwegian State through the Ministry of Energy and acts as Norway's transmission system operator (TSO). We plan, build, own and operate the country's central power grid. Our operations cover almost 14,000 kilometres of transmission lines and 230 substations, and we have also been assigned responsibility for the offshore grid. Together, this places us in a key position in Norway's transition to a low-emission society.

Our strategy: Electrification for a new era

Electrification is key to achieving Norway's climate targets. Our market analyses show a significant increase in electricity consumption towards 2040, driven by green industry and new energy solutions. We must also safeguard security of supply and system resilience in a period marked by increased uncertainty and major changes both in Norway and Europe. At the same time, large parts of the grid are old and approaching the end of their technical lifetime. This requires us to renew and reinforce the power grid faster and more efficiently.

Statnett's current strategy was adopted in November 2024:



We must make sound, long-term decisions while at the same time increasing our pace. The strategy therefore emphasises that we will work sustainably, safely and cost-effectively in the years ahead.

The transition plan: Statnett's strategic plan for sustainability

The future will place greater demands on both the power system and Statnett. We manage the power system and the transmission grid on behalf of society, while society's natural areas, climate and communities are affected by our activities. It is important that we balance these considerations in a responsible way for future generations. Statnett's transition plan is designed to support this.

Our strategic sustainability areas

Climate	**Nature**	**People**
We reduce emissions in line with the 1.5° target	We strive for nature-positive grid development	We create value for people and society

Governance

We develop frameworks for a sustainable business practice

The plan focuses on four key areas:

- Climate: The plan includes science-based targets and actions for achieving them, in line with the State's expectations.
- Nature: The plan provides direction and momentum for Statnett's work to safeguard nature and addresses key objectives in the Global Biodiversity Framework, in line with external expectations.
- People: The plan recognises that a successful transition depends on placing people at the centre. The social dimension includes our own workforce, workers in the value chain and affected communities.
- Governance: The plan helps ensure that sustainability is integrated throughout the company – from strategy to daily operations – through clear frameworks, principles and follow-up.

The transition plan operationalises Statnett's corporate strategy on sustainability and will guide our sustainability work in the years ahead. For a more detailed description of our sustainability efforts, please refer to Statnett's Annual report.

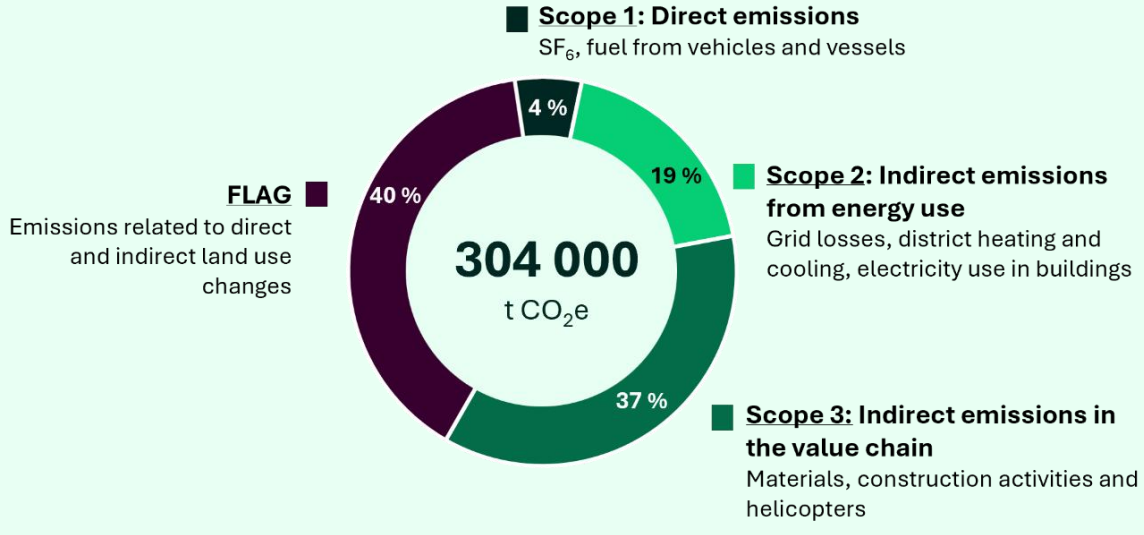
2. Climate – We reduce emissions in line with the 1.5-degree target

The transition to a low-emission society is essential for limiting global temperature rise to 1.5 degrees, in line with the Paris Agreement. Electrification is key to reducing emissions in society, and Statnett plays a central role in enabling this transition. At the same time, we have a responsibility to reduce emissions from our own operations and value chain.

We affect the climate both directly and indirectly as a result of operating and developing the transmission grid. Statnett works actively to reduce these emissions; we aim to make the best possible use of the existing power system while building new grid infrastructure with the lowest possible emissions. In this way we contribute to the necessary electrification of society while reducing our greenhouse gas emissions.

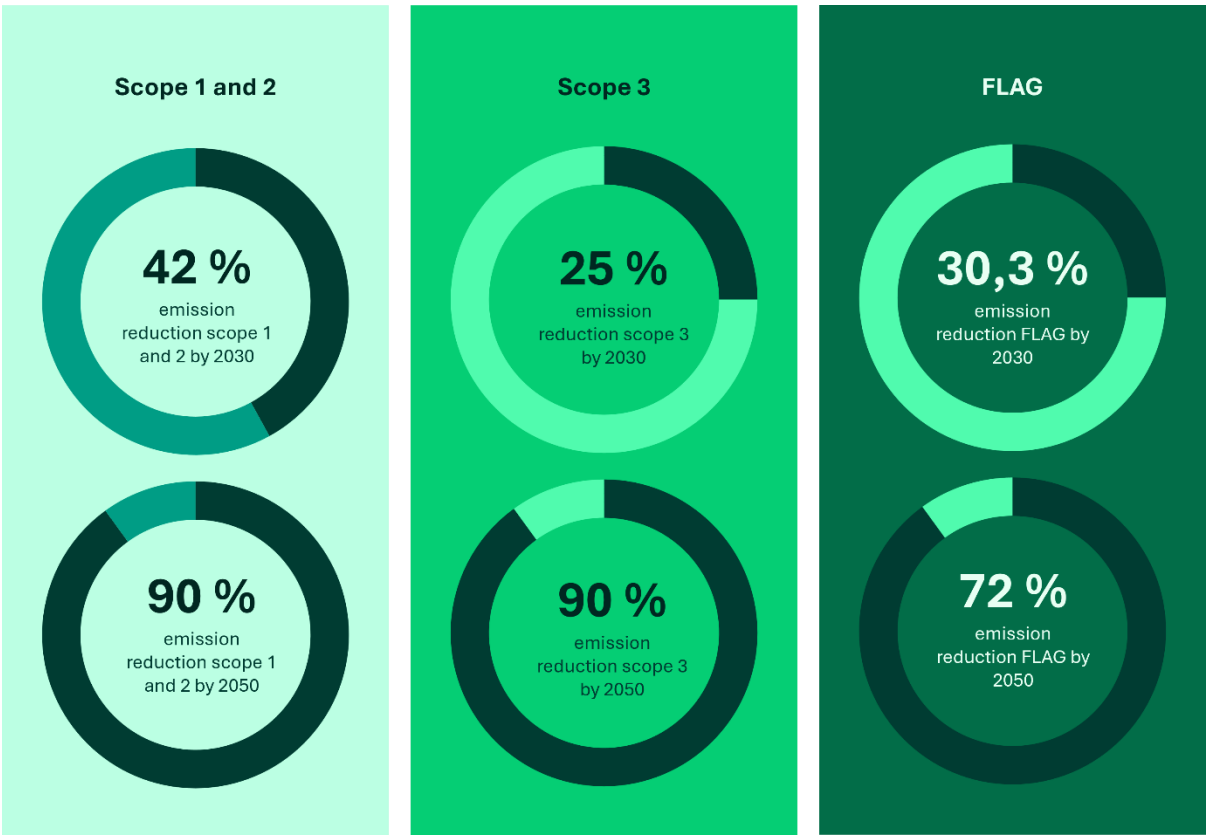
Our greenhouse gas emissions

Scope 1 (direct emissions) includes emissions of sulphur hexafluoride (SF_6), which is used as an insulating gas in electrical installations. We also have some emissions from fuel use in our own operations. Scope 2 (indirect emissions from energy use) mainly arise from transmission losses of electricity transported through the transmission grid. Scope 3 (other indirect emissions in the value chain) are linked to the production of purchased goods and services. FLAG (Forest, Land and Agriculture) emissions concern emissions from land-use change resulting from the development of new grid infrastructure. We use 2023 as the base year for our climate targets, and our greenhouse gas inventory shows the following distribution of emissions:



Our climate targets

We have set targets for all emission categories for 2030 and 2050. The base year 2023 has been chosen because it is considered the most representative in terms of future expected activity levels. The targets have been developed in line with the Paris Agreement and follow the Science Based Targets initiative (SBTi) methodology for absolute targets. We are currently in the process of validating our targets with SBTi. In addition, we will work towards deforestation-free value chains for the goods we purchase.



Actions to achieve the targets

Through close collaboration with experts across the organisation, we have identified potential actions within the different emission categories. Most of the actions are already underway, while some are new, and others will be reinforced. The actions will be assessed continuously in existing decision-making processes to ensure cost-effective achievement of our targets.

Scope 1 and 2	Actions
Sealing SF_6 leaks	Installing sensor technology, replacing installation components and improving routines to prevent and reduce leakage
Alternative gas	Using alternative gas in new installations to reduce emissions and the volume of SF_6 in our facilities
Retrofilling with alternative gas	Retrofilling existing installations with alternative gas where technically possible
Accelerated replacement of older SF_6 installations	Accelerated replacement of older SF_6 installations with a lifetime extending beyond 2050 (relevant in the period 2030-2050)
Electrification of the vehicle fleet	Increasing the share of electric vehicles to reduce the use of fossil fuels
Scope 3	
Reducing emissions from construction activities	Increasing the share of low-emission materials for concrete, steel and reinforcement bars, and reducing emissions from construction work through emission-free machinery and transport solutions
Reducing emissions from purchased capital goods for grid installations	Increasing the share of low-emission materials for conductors, transformers and towers, and reducing material use where possible
Use of drones instead of helicopters	Replacing helicopters with drone technology for inspections, particularly for longer inspection assignments along transmission routes
FLAG	
Reducing construction in carbon-rich nature	Limiting construction in carbon-rich nature, such as peatlands
Reducing land use	Limiting temporary land use in new grid development projects
Reducing substation area	Building more land-efficient substations in cases where there is a risk of significant greenhouse gas emissions
Restoration of tower foundations in peatland	Restoring tower foundations that must be placed in peatland to re-establish carbon storage
Decommissioning of lines	Decommissioning and natural revegetation of disconnected line sections to restore natural areas and support carbon uptake

Financial considerations

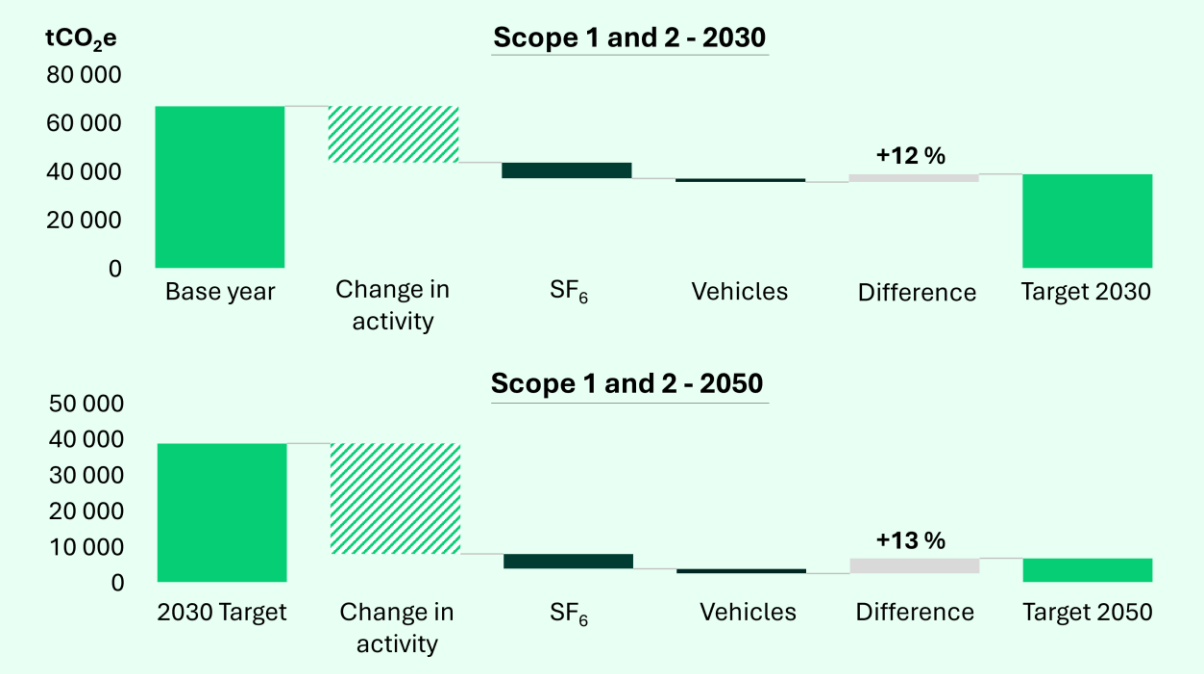
To understand the financial consequences of the actions, we have carried out a high-level analysis of potential costs. The costs are expected to arise mainly in the longer term (2030–2050), as the planned increase in grid development will require significant investments in climate-friendly, and often more expensive, materials, technologies and services.

To ensure correct prioritisation, we have linked the cost analysis to our emission calculations and developed a cost–benefit indicator as a KPI for each action. This indicator shows the cost per tonne of CO_2-equivalents reduced and provides an important basis for comparison. This insight enables us to continuously adjust the composition of actions and prioritise the most cost-effective climate solutions.

Expected progress towards targets

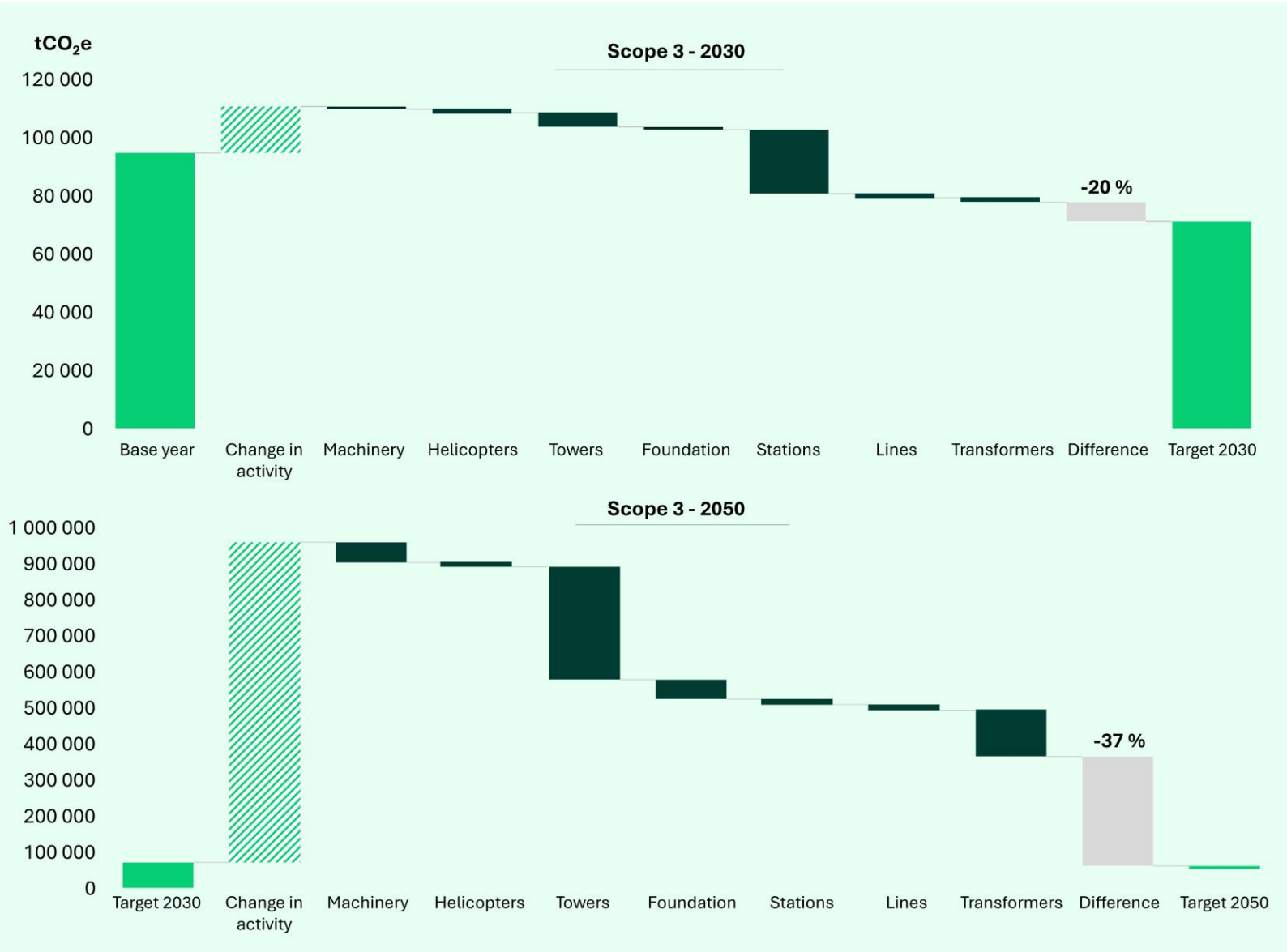
We have projected our expected emissions for 2030 and 2050, with and without actions. The results are visualised in the waterfall charts below. These show the extent to which the climate actions can contribute to reducing our emissions, aggregated per emission category (as illustrated by the dark green bars).

For scope 1 and 2, the hatched bar *Change in activity* mainly illustrates that emissions from transmission losses decrease as the electricity mix in Europe becomes greener. We have a positive difference between projected emissions and the target level in both 2030 and 2050, meaning that the expected emissions lie below the target curve. This is due to reduced emissions from transmission losses, electrification of the vehicle fleet and new technology to prevent leakage of and replace SF_6 gas.



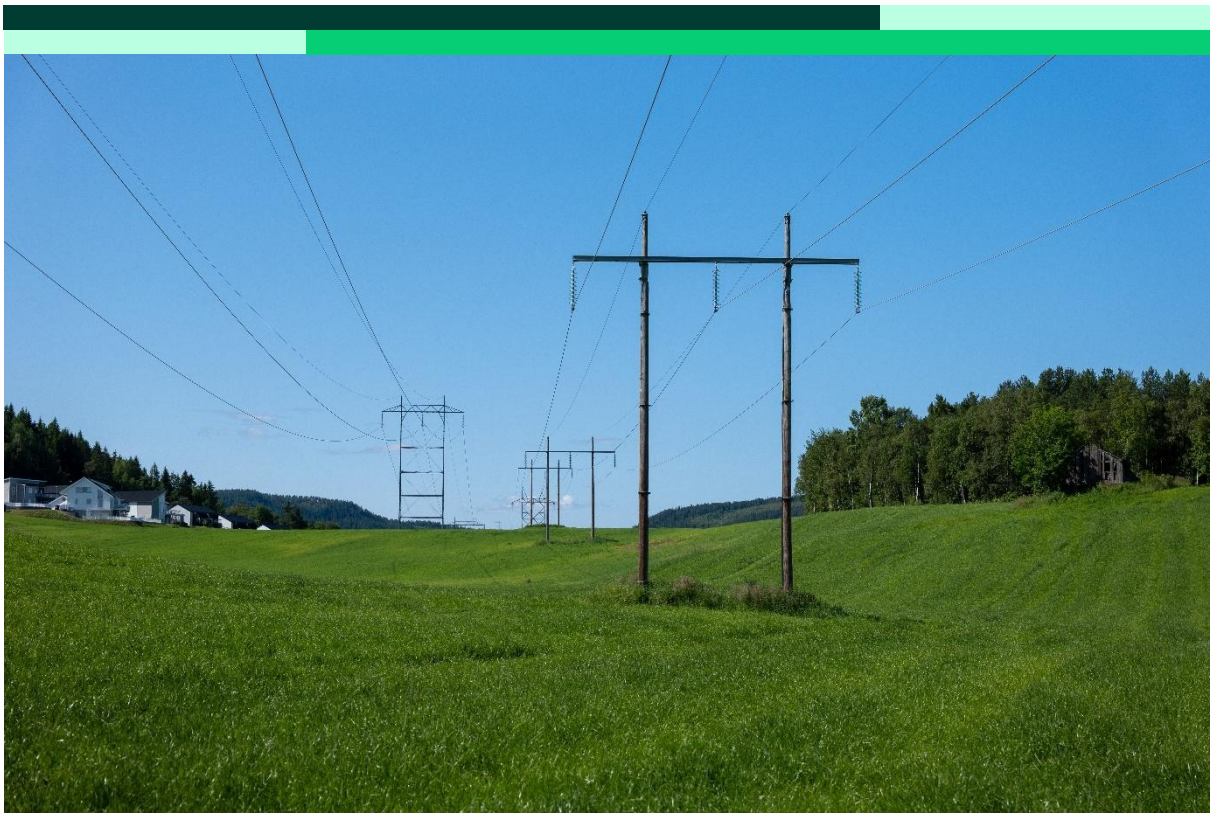
For scope 3, the hatched bar *Change in activity* represents the projected increase in emissions. The increase is driven by the extensive expansion of the grid that we will undertake, which will lead to higher value chain emissions. The current prioritised actions in the transition plan provide significant emission reductions, but there remains a gap between projected emissions and the targets, in both 2030 and 2050, illustrated by the *Difference* bars.

This gap is often referred to as a technology and innovation gap. It arises because current solutions and material technologies are not yet capable of delivering the emission reductions required to meet our targets. At the same time, environmental technology and low-emission solutions are developing rapidly, and we expect new technologies, materials and methods to enable significantly larger emission cuts than what are possible today. Statnett will monitor developments closely and be an active driver of innovation in the value chain, so that we can realise these opportunities as they become available.



Next steps

To succeed in reducing our emissions, we must ensure that climate considerations are integrated into our decision-making processes and daily operations. Going forward, we will place particular emphasis on implementing the prioritised climate actions by embedding them in existing processes and facilitating collaboration, both internally and with external stakeholders. We will also strengthen the basis for decision-making on greenhouse gas emissions by integrating sustainability data into our digital management tools. With this, we take an important step from planning to action and reinforce our ability to deliver on our climate targets.



3. Nature – We strive for nature-positive grid development

The climate and nature crises must be viewed in conjunction, and safeguarding biodiversity is therefore a prerequisite for the energy transition. We impact nature and ecosystems both where we build the grid, and indirectly where the materials and resources we use are extracted.

Statnett works towards a nature-positive development of the transmission grid. We will make the best possible use of the existing power system, while ensuring that what we build causes as little harm to nature as possible. The mitigation hierarchy forms the foundation for the nature-related goals and actions in the transition plan, in line with the recommendations of the Norwegian Environment Agency and the objectives of the Global Biodiversity Framework.

The Global Biodiversity Framework aims to halt and reverse the loss of nature and ecosystems by setting global goals to conserve biodiversity, ensure the sustainable management of natural resources and address the drivers of ecosystem degradation.

We will contribute to this by adhering to the mitigation hierarchy in all major Statnett projects[1]. In parallel, we are working to improve our oversight and traceability of indirect nature impacts in Statnett's value chain, so that we can contribute to the nature-positive transition that the world must collectively deliver in the years ahead.

Our impacts and risks related to nature

The majority of Statnett's material impacts and risks are linked to Statnett's own operations. These impacts relate to disturbance, pollution and waste generation from construction and operational activities, as well as land use and habitat fragmentation resulting from design choices and existing infrastructure. The risks associated with our own operations are transition risks arising from Statnett's land use and impacts on nature. The remaining impacts and risks concern indirect nature impacts from the extraction and production of the materials Statnett purchases.

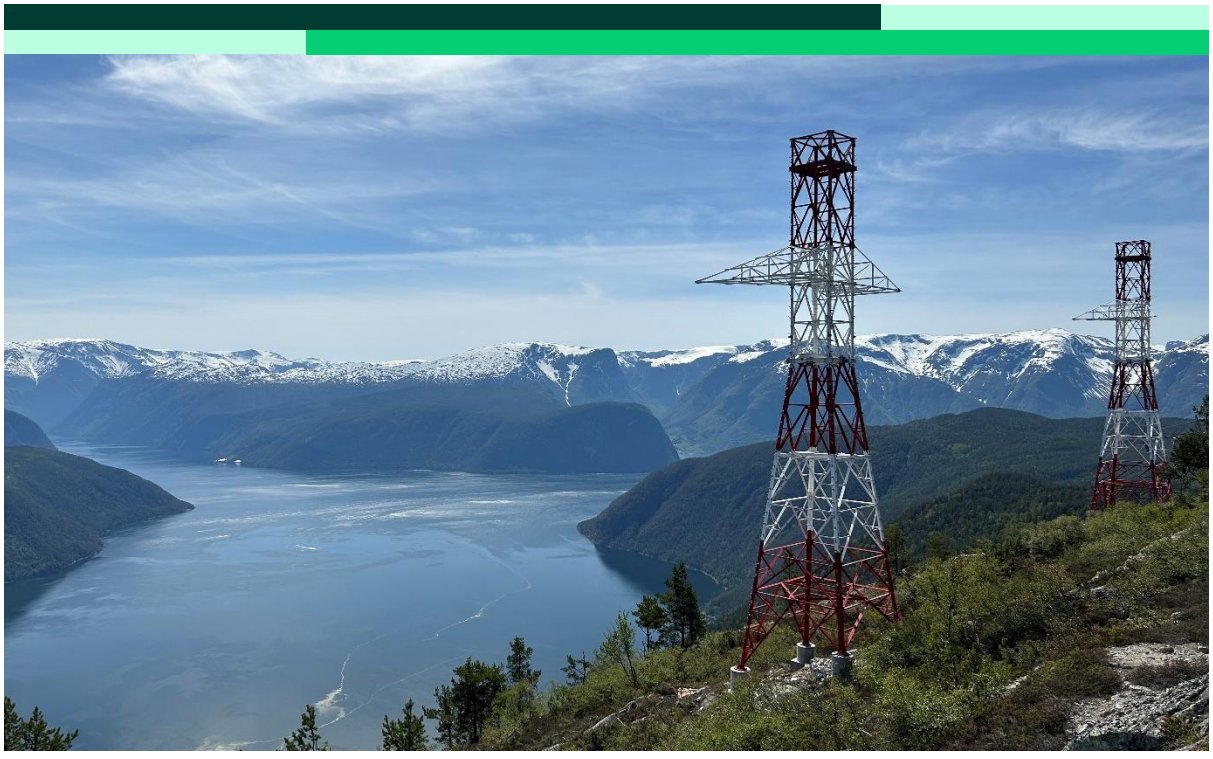
[1] Major projects cover the relevant project categories in the grid infrastructure portfolio, including new capacity and renewal.

Our targets and indicators

Biodiversity and ecosystems
100 % of major projects must document adherence to the mitigation hierarchy by the end of 2026

The mitigation hierarchy is a methodology that seeks first to avoid negative impacts on nature, then to reduce impacts, followed by restoring and, finally, compensating for unavoidable negative impacts. We believe that systematically integrating the mitigation hierarchy reduces Statnett's footprint in nature by supporting better decision-making at the appropriate stages of the project process.

In addition, Statnett uses a range of impact metrics. These indicators have been selected to quantify Statnett's impacts related to vulnerable and valuable nature, habitat fragmentation, the spread of invasive alien species and general nature impacts. Statnett's targets and indicators currently cover only our own operations in Norway.



Purpose	Indicator (unit)	Relevance for Global Biodiversity Framework
Avoid sensitive and valuable natural areas	New infrastructure energised in sensitive and valuable nature (km)	Target 1: Ensure that loss of areas important for biodiversity and ecosystems approaches 0 % by 2030
	Share of total land use in sensitive and valuable nature (%)	Target 4: Prevent human-driven species extinction and allow threatened species to recover to viable levels
Avoid fragmentation of large, contiguous natural areas	New infrastructure energised in undisturbed nature (km^2)	Targets 1 and 4
	Share of total land use in undisturbed nature (%)	
	New routes aligned in parallel with other infrastructure (km)	
	Share of new routes aligned in parallel with other infrastructure (%)	
Avoid major emissions or other significant environmental incidents	Number of major unwanted environmental incidents	Target 7: Reduce pollution and negative impacts from all pollution sources to levels that are not harmful to nature
Limit land use and negative impacts on nature	Share of projects documenting adherence to the mitigation hierarchy	Targets 1, 2, 4, 6, 7 and 16
	Waste sorting rate	Target 16: Ensure that consumers can make sustainable choices and reduce the global footprint of consumption in a fair way
Restore and, where relevant, compensate for affected nature and unavoidable habitat loss	Number of substations where actions against alien species have been implemented (#)	Target 6: Reduce the introduction of alien species by 50 % by 2030
	Restored area (km^2)	Target 2: Restore 30 % of all degraded ecosystems by 2030
	Restored forest area (km^2)	

Actions to reach our targets

Statnett has organised its nature-related actions according to the mitigation hierarchy. This is also aligned with Statnett's "Sustainability policy" and "Instructions for environmental objectives in projects " and reflects leading scientific consensus that the best and most cost-effective action is to avoid impacts. The effects and costs of the various actions depend on project-specific conditions.

Below are examples of nature-related actions that are being implemented and planned:

Avoid

Prioritise the use of grey areas for construction sites and substations

Commitment to avoid deforestation

Avoid planned maintenance work during nesting and calving periods for vulnerable species

Strengthened routines for environmental control in major projects

Development and use of Statnett's land-use index (SAI)

Minimise

Minimising substation area

Development and use of a method for project-based nature accounts

Competitive tendering of temporary land use

Pilot on value chain traceability for steel

Restore/compensate

Removal of invasive alien species at Statnett's substations

At least one biodiversity-enhancing action in every project

Requirement to restore all temporary construction sites

Next steps

Statnett will improve our understanding of indirect nature impacts. We procure products consisting of steel, aluminium, copper, reinforcement bars, concrete (cement), sand, gravel and rare earth elements. Several of these materials are classified as so-called High Impact Commodities (HIC)[2].

Due to low traceability in the value chain, we currently do not have sufficient information about our actual value chain impacts. We have therefore initiated a pilot project in 2025 to identify the most significant nature impacts in the value chain for steel, in order to gain experience with traceability for global capital goods.

[2] High Impact Commodity refers to goods with high climate and environmental impact, particularly in the production phase. Which goods are considered to have high impact has been identified in a list developed by the Science Based Targets Network (SBTN), based on data and expert assessments, and is based on categories from ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure).

4. People – We create value for people and society

Statnett's activities affect and have consequences for people in our own workforce, in the value chain and in affected communities. Succeeding in the transition to a low-emission society requires that social impacts and risks are assessed and managed, and that affected stakeholders are involved through meaningful dialogue and participation.

Our own workforce forms the foundation of our organisation, and their well-being, engagement and competence are essential to our success. We strive to foster an open and inclusive working environment where diversity is valued, and where everyone has the opportunity to contribute and develop.

When expanding the electricity grid, we collaborate closely with suppliers and partners to ensure a safe and responsible working environment. Increased grid development and the need for innovation also open new opportunities for value creation and competence development across the value chain.

We emphasise carrying out projects in dialogue with affected communities and stakeholders, with respect for nature, local considerations, and the rights of Indigenous peoples. In this way, we work to build trust and identify the best solutions.

Our impacts and risks related to people

For our own workforce, the most significant impacts relate to serious injuries and accidents, as well as potential cases of discrimination and barriers to equality. For workers in the value chain, risks related to forced labour, inadequate wages, long working hours and restrictions on the right to freedom of association have been identified as potential areas of negative impact. Health and safety incidents involving value chain workers have been identified as an actual negative impact in our construction projects. For affected communities, the most important impacts relate to how communities are affected both by raw material extraction and material production, as well as during development, operation and maintenance of grid infrastructure. A material risk is associated with delays and/or increased costs for mitigation actions arising from conflicts of interest with affected communities.

Our targets

For our own workforce, we have worked systematically with established targets over time. For workers in the value chain and affected communities, we have defined new targets as part of the transition plan.

Own workforce		
30 %	**1.9**	**8**
proportion of women in the workforce in 2026	Serious Incident Frequency[3] (SIF) by 2029	increase engagement score to 8 in 2026

Workers in the value chain	Affected communities
100 %	**100 %**
of active contractors with high sustainability related risk will conduct due diligence assessments by the end of 2028	of choice-of-concept studies must document involvement of representatives of affected communities by the end of 2027

To support our efforts in identifying and addressing the risk of negative impacts in the supply chain, we have introduced a new target related to due diligence. This target, focused on the supply chain, is based on external expectations and requirements as well as our own guidelines, such as Statnett's "Sustainability Policy", in which we commit to carrying out due diligence assessments. By "due diligence" we mean the management of actual and potential negative impacts that Statnett's activities may have on human and labour rights.

Significant work has been undertaken to strengthen early-phase engagement with affected communities, including through choice-of-concept studies[4]. The purpose of the new target is to further reinforce and systematise this work so that we can identify the best solutions to accommodate the interests of affected communities in the early phase. This is also in line with the requirements set out in the new Regulations on Energy Studies issued by the Norwegian Water Resources and Energy Directorate, as well as Statnett's own practices.

[3] SIF indicates the number of serious incidents per million working hours. The target also applies to employees of subcontractors working on Statnett's construction projects.
[4] When new grid infrastructure is needed, we prepare choice-of-concept studies, where we conduct a more thorough assessment of the need, evaluate different concepts to meet that need, and recommend actions.

Actions to reach our targets

To realise our targets, we have established a comprehensive approach to safeguarding people within our own workforce, the value chain and affected communities. The actions are based on our commitments to human rights, decent working conditions and the principle of a just transition and are anchored in Statnett's "Sustainability Policy" as well as internal guidelines.

The work includes, among other things, strengthening the safety culture and diversity within our organisation, conducting due diligence and systematically following up our suppliers, and implementing actions to systematise effective and early dialogue with affected communities.

Below is an overview of examples of actions that have been implemented or planned, to reduce negative impacts and enhance positive outcomes:

Own workforce

Focus on diversity and inclusion in our recruitment processes

Develop and implement a strategic plan for health and safety

Strengthen the safety culture and improve HSE internal controls, including risk management and competence management

Develop the competencies of our employees and managers

Workers in the value chain

Strengthen the data foundation for due diligence assessments

Systematic and risk-based follow-up of suppliers' work on human rights

Strengthen internal competence on due diligence assessments

Affected communities

Improve and systematise stakeholder dialogue in the early phase

Cover costs for the reindeer herding community related to participation in meetings

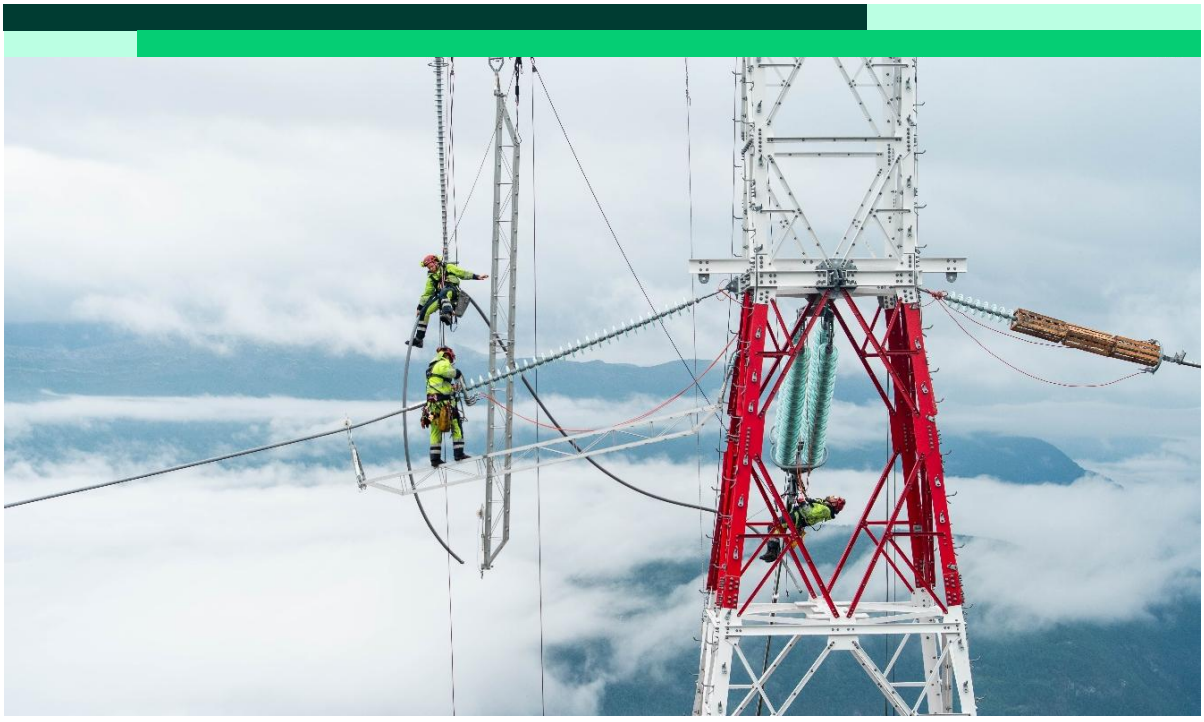
Strengthen internal competence through reindeer husbandry courses

Stakeholder engagement and dialogue

Statnett prioritises stakeholder engagement and dialogue to safeguard rights, ensure safe working conditions and promote equal opportunities. The perspectives of our employees are integrated through, among other things, employee surveys and the involvement of employee representatives and safety delegates. Within the value chain, we facilitate collaboration at construction sites through actions such as HSE meetings, risk meetings and safety inspections. Affected communities and Indigenous peoples are involved early in planning processes through consultations and dialogue meetings, enabling input to be incorporated into choice-of-concept studies, area plans and development projects. This broad engagement provides valuable insight into different perspectives and helps ensure that the transition is carried out in a socially responsible manner.

Next steps

In light of our societal mission, our role as a state-owned enterprise and stakeholder expectations, Statnett has a particular responsibility to help create safe workplaces and to work towards integrated and holistic solutions for affected communities. We will continue to strengthen safety, diversity and engagement within the organisation, ensuring that the transition of our operations is carried out within an inclusive working environment. We will also work strategically and in a risk-based manner with our suppliers, so that respect for human rights and decent working conditions is upheld throughout the transition to a low-emission society. Statnett is committed to maintaining regular dialogue and collaboration with affected communities. Furthermore, we aim to strengthen our knowledge base and experience-sharing and establish a more systematic approach to engagement and dialogue with stakeholders, particularly in the early phase.



5. Dilemmas, synergies and dependencies

As we progress in the transition of our business, dilemmas and considerations arise that must be carefully balanced. For Statnett, this is about weighing sustainability alongside efficiency, safety and economic considerations. We need strong collaboration across the organisation and with our partners and stakeholders to find solutions that reconcile these different considerations.

Dilemmas

In developing the transition plan, we found that several goals and ambitions within one sustainability area may create challenges for others. Balancing the interests of affected communities and Indigenous peoples while ensuring security of supply and project progress can be challenging. Avoiding vulnerable, valuable and large contiguous natural areas may require building closer to where people live or using more materials due to longer routes. Another example is the electrification of vehicle fleets, construction sites and transport, which may create new value chains with an altered risk landscape for human rights violations. These examples illustrate the need to balance different actions and assess which combination provides the greatest overall benefit. In addition, changes in costs may create new dilemmas and opportunities, and we will therefore continuously assess the cost–benefit of different actions in line with market and technological developments.

Synergies

At the same time, other actions can create synergies. Increased use of recycled materials will reduce the need for virgin materials, which in turn can help reduce human rights risks and impacts on nature. Early consideration of local communities and environmental concerns leads to better solution choices, fewer objections and faster project execution. Using drones instead of helicopters can reduce greenhouse gas emissions, HSE risks, disturbances to wildlife and costs.

Dependencies

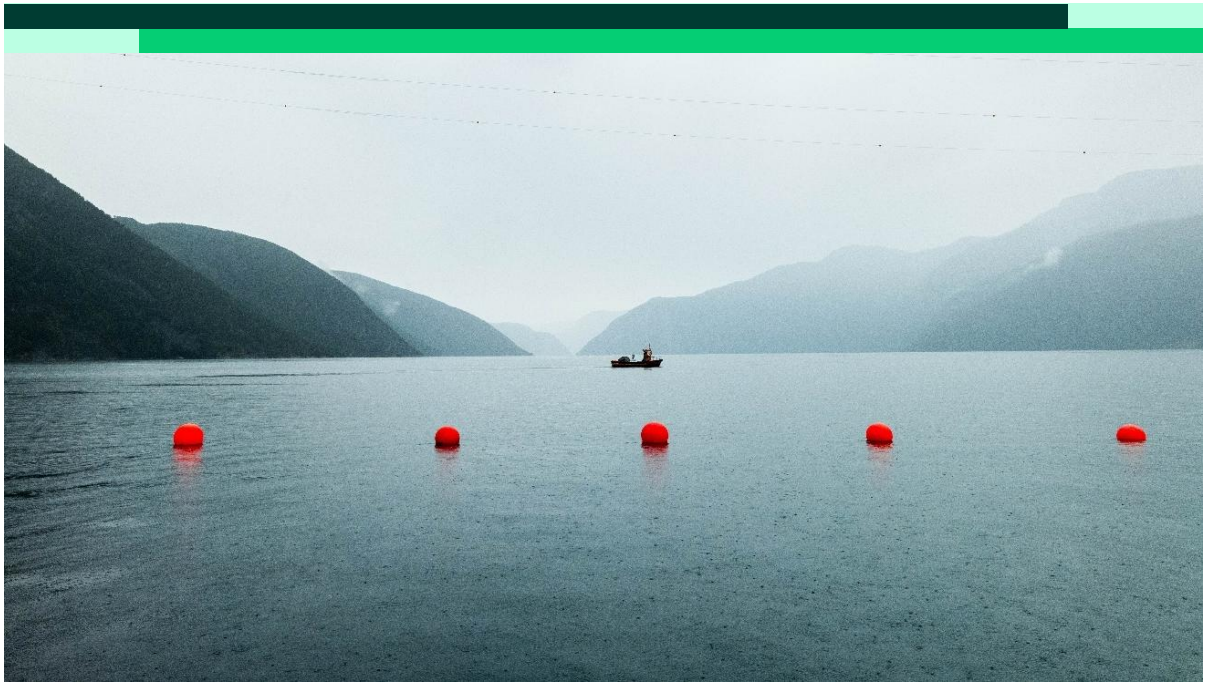
We are dependent on our surroundings to carry out a sustainable transition. When prioritising and balancing targets and actions, it is essential to understand the dependencies that influence our ability to deliver. Among the most critical are access to land, materials, green capital and a qualified workforce. In addition, we rely on stable energy supply to construction sites, functioning transport infrastructure, supplier capacity and continuous technological development.

6. Governance – We develop frameworks for a sustainable business practice

The Norwegian State's expectations regarding sustainable business conduct are set out in the White Paper on Ownership Policy. Statnett is expected to act ethically and to identify and manage the company's impacts on people, society and the environment. This includes developing a corporate culture and governance system that enables responsible business conduct, as well as sound governance of the broader sustainability topics.

The transition plan is an important governance tool to ensure that Statnett operates in line with external requirements and expectations. As part of this work, we regularly assess our impacts, risks and opportunities related to sustainability. Key topics, developments, improvement actions and potential target conflicts are discussed with the executive management team and the Board. The CEO is responsible for ensuring that the corporate strategy is followed up, and the responsibilities of the Board and management are embedded in various mandates, guidelines and governing documents. We have established targets related to material impacts, risks and opportunities, which are monitored through Statnett's performance management framework.

We work continuously to strengthen the existing governance structures for sustainability and to improve external reporting and communication of our sustainability efforts.



7. Our plan for sustainable electrification

Statnett's transition plan looks ahead to 2050. Given the long-term horizon, it is difficult to predict all internal and external developments that may affect implementation, as technological progress, regulatory conditions and costs may change significantly over time. For this reason, we have adopted a dynamic approach in which the plan and its actions are assessed and adjusted continuously to reflect changes in technology, markets and societal expectations.

At the same time, we aim to be an active driving force for innovation and collaboration across the supply chain, enabling emission reductions that go beyond what current technologies make possible.

Statnett's transition plan will guide the company's sustainability work towards 2050. In 2026, we will continue the work of implementing and integrating the transition plan into relevant processes and financial planning, to ensure sustainable and efficient grid development.

There is a significant need for increased grid capacity in Norway, but grid expansion takes time, requires substantial investments and affects the climate, people and nature. Through our transition plan, we aim to promote transparency around our dilemmas and decisions, as well as predictability and direction for the work on sustainable electrification for a new era.

The transition plan is based on the assumptions in place at the time of its development.